

October 26, 2017

HCL Technologies (HCLTEC)

₹ 907

To meet lower end of FY18E guidance...

- HCL Tech reported its Q2FY18 numbers with the topline below our expectations while the EBIT margin was in line with our estimates. US\$ revenues grew 2.3% QoQ to \$1,928 million, below our 4% growth and \$1,960 million estimate. Revenues in constant currency grew 0.9% QoQ, which is largely lower than its peers
- Revenues in rupees grew 2.3% QoQ to ₹ 12,434 crore, below our 3.7% QoQ growth and ₹ 12,595 crore estimate
- At 19.7%, EBIT margins declined 40 bps QoQ and were in line with our 19.7% estimate
- PAT of ₹ 2,188 crore was above our ₹ 2,153 crore estimate led by higher forex gain (up 34.6% QoQ)
- HCL Tech announced a dividend of ₹ 2/share for a 59th consecutive quarter

India business to drag revenue growth for FY18E...

HCL Tech's revenues grew 2.3% QoQ in dollar terms driven by broad based growth across revenue segments and supported by acquisitions and IP partnerships (~0.8% contribution). These acquisitions and partnerships are anticipated to contribute ~5% to revenues in FY18E. Completion of few large system integration projects in India impacted revenues by \$20 million, barring which dollar growth comes to 3.4%. Overall, this is going to impact revenues by ~\$75 million in FY18E. Also, conversion of joint venture into IP partnership with DXC would impact revenues by ~\$22 million in FY18E. Overall, the total impact of the above mentioned two would be ~\$100 million in FY18E.

Management indicates to meet lower end of revenue guidance...

In terms of outlook for FY18E, the management retained its CC revenue growth guidance in the range of 10.5-12.5% translating to 12.1-14.1% in US dollar terms (based on September 30, 2017 end rates). The management indicated it would meet the lower end of the revenue guidance for FY18E taking into account H2FY18 seasonality. We highlight that even to achieve lower end of guidance implies CQGR of 2.5% for H2FY18. This seems challenging taking into account Q3 seasonality. Secondly, adjusting for incremental contribution from acquisitions in FY18E, organic revenue growth works out to ~5% to meet the lower end of FY18E guidance. Overall, we expect US\$ revenues to grow at a CAGR of 10.2% to US\$8,471 million in FY17-19E.

Margin in line; retains 19.5-20.5% margin guidance for FY18E...

EBIT margins declined 40 bps QoQ to 19.7% on the back of partial wage hike (50 bps impact) partly evened out by currency tailwind (+20 bps) and operational efficiency. The company's usual wage hike cycle percolates in Q2 and Q3. Hence, Q3 would be impacted by partial wage hike. Overall, the management retained its margin band at 19.5-20.5% for FY18E. We maintain our EBIT margin at 19.8%, 20.0% in FY18E, FY19E, respectively.

Growth trajectory slowing down despite inorganic route; retain HOLD...

HCL Tech's lower end guidance for revenues implies CQGR of 2.5%, which appears to be challenging in a seasonally weak period. Secondly, IMS (38.5% of revenues) growth trajectory is slowing down (reported flattish constant currency growth in Q2FY18). Hence, we have slightly tuned our EPS estimates and expect HCL Tech to report revenue, PAT CAGR of 9.4%, 4.6%, respectively, in FY17-19E. We maintain our **HOLD** rating on HCL Tech with a target price of ₹ 930 (~14x FY19 EPS).

Rating matrix		
Rating	:	Hold
Target	:	₹ 930
Target Period	:	12 months
Potential Upside	:	3%

What's Changed?		
Target		Unchanged
EPS FY18E	Changed from ₹ 59.7 to ₹ 60.1	
EPS FY19E	Changed from ₹ 66.1 to ₹ 66.2	
Rating		Unchanged

Quarterly Performance					
	Q2FY18	Q2FY17	YoY (%)	Q1FY18	QoQ (%)
Revenue	12,434	11,519	7.9	12,149	2.3
EBIT	2,451	2,318	5.7	2,445	0.2
EBIT (%)	19.7	20.1	-41 bps	20.1	-41 bps
PAT	2,188	2,014	8.6	2,171	0.8

Key Financials				
₹ Crore	FY16	FY17	FY18E	FY19E
Net Sales	40,913	46,723	49,760	55,906
EBITDA	8,226	9,474	9,872	11,157
Net Profit	7,354	8,457	8,401	9,262
EPS (₹)	52.1	60.0	60.1	66.2

Valuation summary				
	FY16	FY17	FY18E	FY19E
P/E	17.4	15.1	15.1	13.7
Target P/E	17.9	15.5	15.5	14.0
EV / EBITDA	14.5	12.2	11.4	9.6
P/BV	4.6	3.8	3.7	3.2
RoNW (%)	26.2	25.3	24.4	23.5
RoCE (%)	30.3	29.0	29.0	28.9

Stock data	
Particular	Amount
Market Capitalization (₹ Crore)	128,041.1
Total Debt (₹ Crore)	973.2
Cash (₹ Crore)	12,705.6
EV (₹ Crore)	127,748.5
52 week H/L	941 / 731
Equity capital	282.5
Face value	₹ 2

Price performance (%)				
	1M	3M	6M	12M
TCS	3.4	3.9	12.1	6.7
Infosys	5.0	(3.8)	2.1	(8.2)
Wipro	1.0	3.9	21.0	22.9
HCL Tech	4.7	2.3	13.9	14.2

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Variance analysis

	Q2FY18	Q2FY18E	Q2FY17	YoY (%)	Q1FY18	QoQ (%)	Comments
Revenue	12,434	12,595	11,519	7.9	12,149	2.3	US\$ revenues grew 2.3% QoQ to \$1,928 million below our 4% growth estimate
Cost of sales (including employee expenses)	8,208	8,451	7,653	7.3	8,057	1.9	
Gross Margin	4,226	4,144	3,866	9.3	4,092	3.3	
Gross margin (%)	34.0	32.9	33.6	43 bps	33.7	31 bps	
Selling & marketing costs	1,467	1,423	1,355	8.3	1,411	4.0	
EBITDA	2,759	2,721	2,511	9.9	2,681	2.9	
EBITDA Margin (%)	22.2	21.6	21.8	39 bps	22.1	12 bps	
Depreciation	308	239	193	59.6	236	30.5	
EBIT	2,451	2,481	2,318	5.7	2,445	0.2	
EBIT Margin (%)	19.7	19.7	20.1	-41 bps	20.1	-41 bps	EBIT margin declined 40 bps QoQ with partial wage hike impacting by 50 bps, offset by operational efficiency
Other income	298	210	235	NM	269	10.8	
PBT	2,749	2,691	2,553	7.7	2,714	1.3	
Tax paid	561	538	538	4.3	543	3.3	
PAT	2,188	2,153	2,014	8.6	2,171	0.8	PAT was above our estimate led by higher forex gain (up 34.6% QoQ)

Key Metrics

Closing employees	119,040	111,000	109,795	8.4	117,781	1.1	Headcount increased by 1,259 sequentially
Attrition - IT Services (%)	15.7	17.0	18.6	-290 bps	16.2	-50 bps	
Blended Utilisation (%)	86.0	85.5	85.3	70 bps	86.0	0 bps	
Average \$/₹	64.5	64.5	66.9	-3.6	64.5	0.0	

Source: Company, ICICIdirect.com Research

Change in estimates

	FY18E			FY19E			
(₹ Crore)	Old	New	% Change	Old	New	% Change	Comments
Revenue	50,022	49,760	-0.5	56,418	55,906	-0.9	
EBIT	9,974	9,872	-1.0	11,260	11,157	-0.9	
EBIT Margin (%)	19.9	19.8	-12 bps	20.0	20.0	-2 bps	
PAT	8,346	8,401	0.7	9,248	9,262	0.2	
EPS (₹)	59.7	60.1	0.7	66.1	66.2	0.2	Slightly tweaked our EPS estimates with change in margin estimates

Source: Company, ICICIdirect.com Research

Assumptions

	FY15	FY16	FY17	Current FY18E	Earlier FY18E	Current FY19E	Earlier FY19E
Closing employees	106,107	104,896	115,973	134,285	134,285	144,508	144,508
Attrition - IT Services (%)	16.4	16.7	17.8	15.0	15.0	14.0	14.0
Blended Utilisation (%)	82.8	84.6	85.4	85.6	86.4	87.9	88.7
Average \$/₹	62.3	65.6	67.0	64.8	64.5	66.0	66.0

Source: Company, ICICIdirect.com Research

Conference call highlights...

- **FY18E revenue outlook intact** – The management has maintained its constant currency revenue growth guidance to be in the range of 10.5-12.5% translating into 12.1-14.1% in US\$ terms (based on Sep 30, 2017 end rates). However, they indicated they would meet lower end of revenue guidance for FY18E taking into account H2FY18 seasonality. Adjusting for incremental contribution from acquisitions in FY18E, organic revenue growth works out to ~5.5-7.5% for FY18E. The management said its strategy on niche acquisitions and partnerships will continue
- **Extended IP partnership with IBM-** HCL has expanded its relationship with IBM to collaboration solutions, which include Notes, Domino, Smart Cloud Notes, Verse and Sametime with an objective to provide superior business value and support to the larger customer base. This is the sixth IP partnership HCL has entered into with IBM since FY17
- **FY18E margin guidance maintained-** In terms of operating profit (EBIT) guidance, HCL has reiterated its guidance at 19.5- 20.5% on a constant currency basis for FY18E. Margins in the quarter were in line with our estimates
- **IMS slowdown-** IMS registered another soft quarter and posted a marginal decline of 0.2% QoQ (CC terms) in the quarter. As indicated by the management in its Q1 earnings call, a delay in client decision making is what is leading to softness in the segment and is expected to persist for coming quarters
- **Deal signings** - Won 15 transformational deals during the quarter, well-balanced across Mode 1, Mode 2, Mode 3, and across U.S., UK, Germany and Australia among other countries
- **Employee update** - Gross additions during the quarter were 8645 and during H1FY18 were 18107 taking total headcount to 119,040. IT services attrition continued its declining trajectory of last four consecutive quarters and fell 50 bps QoQ, 290 bps YoY to 15.7% (LTM). Blended utilisation (including trainees) was flat sequentially at 86% vs. increase of 30 bps QoQ in the quarter gone by
- **Cash position-** Cash & cash equivalents were at US\$1,489 million. DSO days excluding unbilled revenues increased by one QoQ to 64 days

Company Analysis

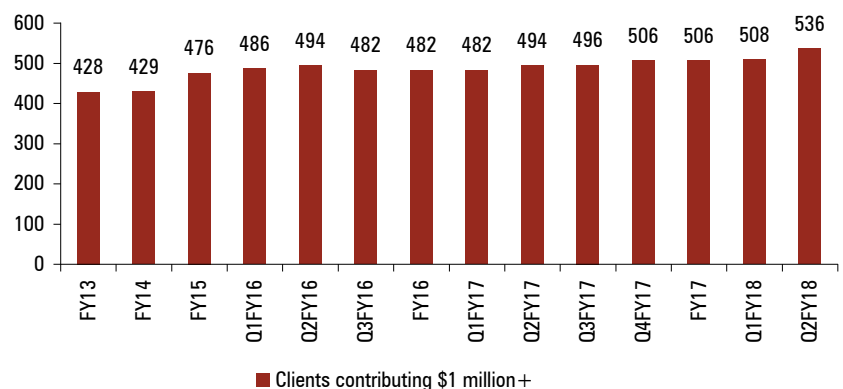
Broad based growth across revenue segments...

Constant currency revenue growth of 0.9% in the quarter was broad-based across revenue segments. Among geography, Americas (62.4%) and Europe (29.1% of revenue) witnessed sequential growth of 1.5% and 4.4%, respectively, while RoW (8.5% of revenue) saw a sharp decline of 12% QoQ. Growth in Europe was mainly on the back of growth in BFSI while a steep decline in RoW was mainly attributed to the India business. Among verticals, growth was driven by financial services (25% of revenue), manufacturing (35.4% of revenue) and lifesciences & healthcare (11.7% of revenue), which grew 1.2%, 2.4% and 1.8% QoQ, respectively. Retail & CPG (9.3% of revenue), public services (10.6% of revenue) declined 0.5%, 4.6%, respectively, while telecom (7.9% of revenue) grew 1.7% after three consecutive quarterly declines. Among services, engineering and R&D services (22% of revenue) continue to lead the growth for the fourth straight quarter and grew 4.4% on a QoQ basis. Application services (35.9% of revenue) were flat QoQ while infrastructure services (38.5% of revenue) declined marginally by 0.2%.

Top 5 clients grow at healthy pace...

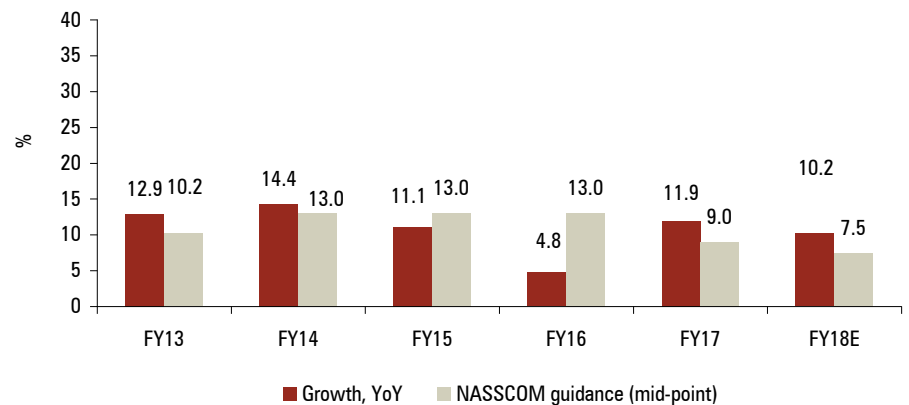
Top five customers (15.1% of revenues) grew healthy with 7.3% QoQ on top of 1.6% sequential growth in the prior quarter. Top 6-10 customer revenues declined marginally by 0.2% after registering highest ever sequential growth of 12.1% in Q1. Top 11-20 accounts also posted a decline of 0.6% after posting growth of 1.8% in Q1. Client metrics witnessed a healthy addition of 28 clients QoQ in \$1 million+ category taking the total to 536. Number of clients saw an increase of one client in \$100 million+ bucket taking the total client base to nine. Transition of seven clients took place in \$5-10 million, five to \$10-20 million and two to \$40-50 million category while two clients scaled down each in \$20-30 million and \$30-40 million category.

Exhibit 1: Clients contributing \$1 million+ increased by 28 QoQ to 536



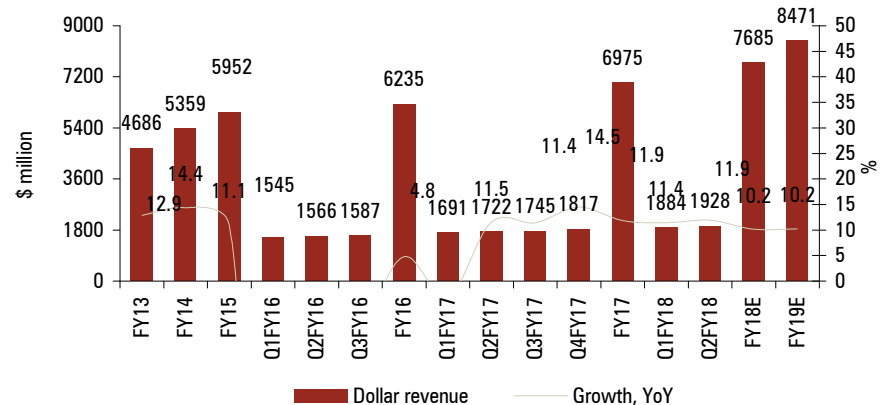
Source: Company, ICICIdirect.com Research

Exhibit 2: HCL vs Nasscom guidance growth expectations



Source: Company, ICICIdirect.com Research

Exhibit 3: Dollar revenues may grow at 10.2% CAGR during FY17-19E

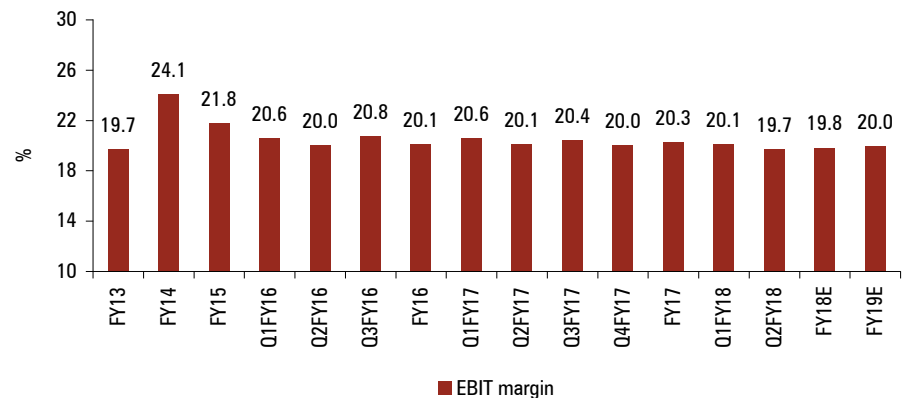


Source: Company, ICICIdirect.com Research

Reiterates its margin guidance of 19.5-20.5% for FY18E...

EBIT margins declined 40 bps QoQ to 19.7% on the back of a partial wage hike (50 bps impact) partly evened out by currency tailwind (+20 bps) and operational efficiency. The company's usual wage hike cycle percolates in Q2, Q3. Hence, Q3 would have an impact on partial wage hike. On the overall front, the management retained its margin band at 19.5-20.5% for FY18E. We maintain our EBIT margins at 19.8%, 20.0% in FY18E, FY19E.

Exhibit 4: EBIT margin declines 40 bps QoQ, maintains 19.5-20.5% for FY18E

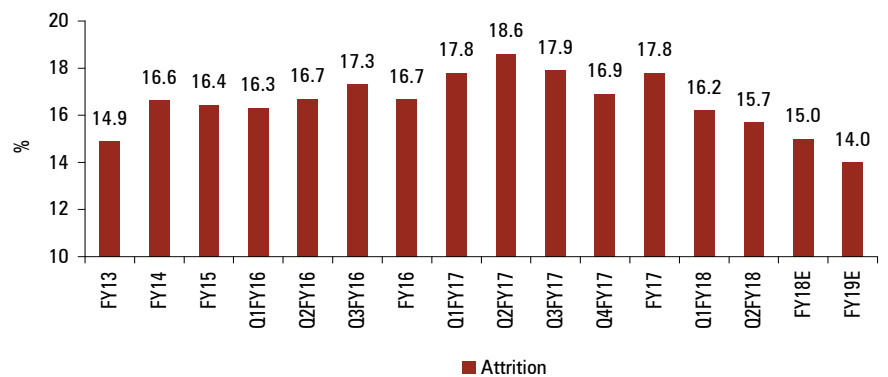


Source: Company, ICICIdirect.com Research

Attrition in IT services continues its declining trajectory...

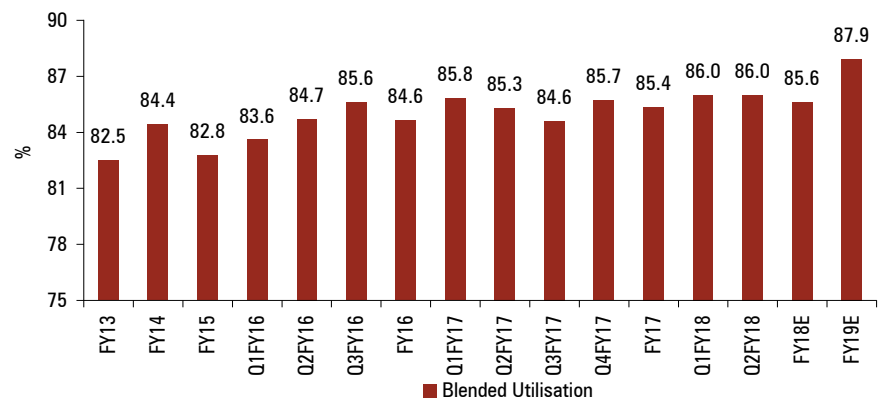
IT services attrition continued its declining trajectory of the last four consecutive quarters and declined 50 bps QoQ and 290 bps YoY to 15.7% (LTM). Quarterly attrition in business services also declined 40 bps to 6.3%. Blended utilisation (including trainees) was flat sequentially at 86% vs. increase of 30 bps QoQ in the quarter gone by.

Exhibit 5: Attrition declines 50 bps QoQ to 15.7%



Source: Company, ICICIdirect.com Research

Exhibit 6: Utilisation remains flat QoQ



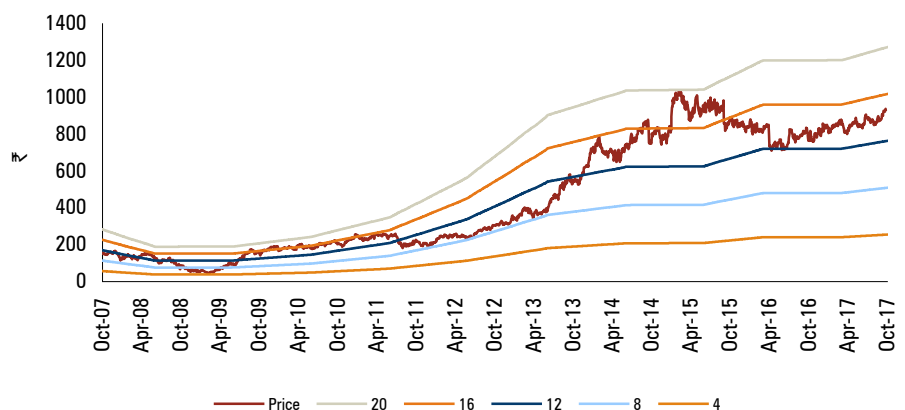
Source: Company, ICICIdirect.com Research

Outlook and valuation

HCL Tech reported its Q2FY18 numbers with the topline below our expectations while EBIT margin was in line with our estimates. The company maintained its constant currency revenue guidance of 10.5-12.5%. However, it seems to be an uphill task taking into account H1FY18 performance and seasonality in H2FY18. Revenue growth in constant currency was driven by Americas and Europe, which grew 1.5% and 4.4% QoQ, respectively while RoW declined 12% sequentially among geographies. Among verticals, financial services, manufacturing grew sequentially by 1.2%, 2.4% respectively, while retail & CPG declined 0.5% QoQ. Application services was flat QoQ while engineering & R&D among services grew sequentially by 4.4%.

HCL Tech's lower end guidance for revenues implies CQGR of 2.5%, which appears to be challenging in a seasonally weak period. Secondly, IMS (38.5% of revenues) growth trajectory is slowing down (reported flattish constant currency growth in Q2FY18). Hence, we slightly tune our EPS estimates and expect HCL Tech to report revenue, PAT CAGR of 9.4%, 4.6% in FY17-19E. We maintain our HOLD recommendation with a target price of ₹ 930 (~14x FY19 EPS).

Exhibit 7: One year forward rolling PE



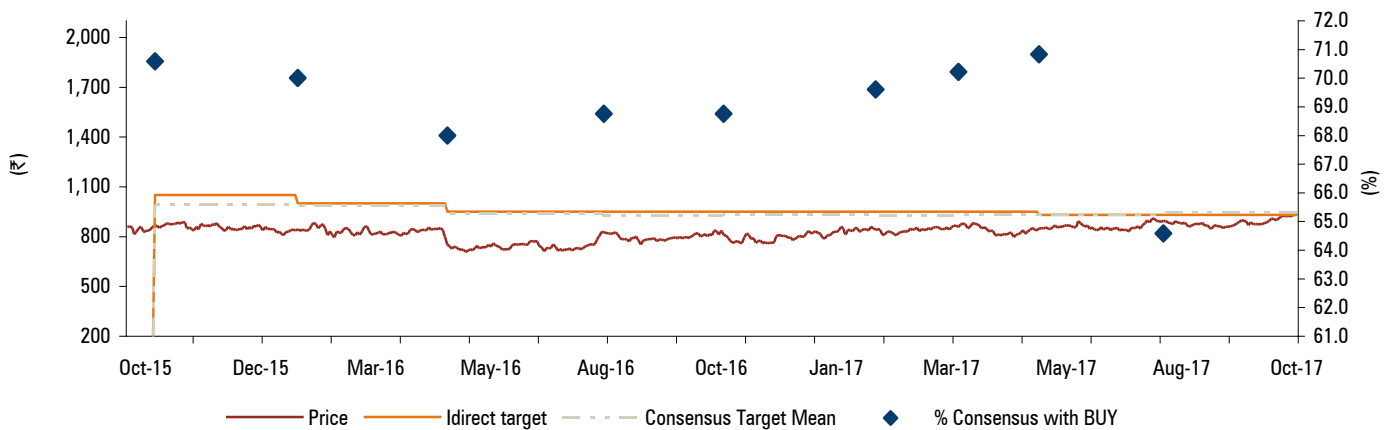
Source: Company, ICICIdirect.com Research

Exhibit 8: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY16	40,913	10.4	52.1	0.5	17.4	14.5	26.2	30.3
FY17	46,723	14.2	60.0	15.2	15.1	12.2	25.3	29.0
FY18E	49,760	6.5	60.1	0.1	15.1	11.4	24.4	29.0
FY19E	55,906	12.4	66.2	10.2	13.7	9.6	23.5	28.9

Source: Company, ICICIdirect.com Research

Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
Mar-17	Board approves the proposal for buyback of 3.5 crore shares (~2.5% of its paid-up equity shares) at ₹ 1,000 per share aggregating to ₹ 3,500 crore, through the tender offer route
Mar-17	Client MillerCoors sues HCL Tech for US\$100 million for breach of contract. MillerCoors claims HCL Tech failed to meet project deadlines and was unable to adequately staff the project
Apr-17	HCL Tech announces the renewal of its IT services engagement with Singapore Exchange for additional five years
Apr-17	HCL Technologies to acquire US based Mortgage BPO provider Urban Fulfillment Services, LLC for cash consideration up to US\$30 million, including contingent payments subject to certain financial milestones. UFS is a provider of mortgage business process and fulfilment services. With more than 350 employees, the company has a turnover of US\$48 million in CY16
Jun-17	According to media sources, Frisco Chamber of Commerce announced a new partnership with HCL Technologies. In the agreement, HCL Tech was announced as the first Trustee partner of the Frisco Chamber of Commerce, which consists of more than 1,300 member businesses, which represent more than 75,000 employees in Frisco and the surrounding area
Jun-17	HCL Tech launches General Data Protection Regulation (GDPR) services for organisations to comply with EU GDPR regulation, a mandate to be adopted by May 2018
Sep-17	HCL Tech announces two acquisitions. It acquires UK-based ETL Factory Ltd, doing business as Datawave. Total cash consideration for the acquisition is up to £7 million. ETL's revenue grows from £1.04 million in FY15 to £6.2 million in FY17. In another acquisition, HCL acquires the assets of UK based Alpha Insight. Cash consideration for the asset purchase shall be up to £3.25 million. Alpha's revenue are at £3.2 million in FY16

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Vamasundari Investments (Delhi) Pvt. Ltd.	11-Aug-17	42.1%	585.7	2.5
2	HCL Holdings Pvt. Ltd.	7-Jul-17	16.8%	233.9	-5.2
3	ICICI Prudential Asset Management Co. Ltd.	30-Sep-17	1.6%	23.0	-1.2
4	ICICI Prudential Life Insurance Company Ltd.	7-Jul-17	1.4%	19.9	-0.2
5	BlackRock Institutional Trust Company, N.A.	30-Sep-17	1.3%	18.3	0.0
6	The Vanguard Group, Inc.	30-Sep-17	1.3%	18.1	0.0
7	Lazard Asset Management, L.L.C.	30-Sep-17	1.2%	17.2	-0.5
8	Artisan Partners Limited Partnership	30-Jun-16	1.1%	15.6	15.6
9	Life Insurance Corporation of India	7-Jul-17	1.1%	14.7	-0.4
10	Reliance Nippon Life Asset Management Limited	30-Sep-17	1.0%	14.5	-1.4

Source: Reuters, ICICIdirect.com Research

Shareholding Pattern

(in %)	Mar-17	Jun-17	Sep-17
Promoter	59.68	59.88	60.05
Public	40.32	40.12	39.95
Others	0.00	0.00	0.00
Total	100.00	100.00	100.00

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Nomura Asset Management Co., Ltd.	104.79m	7.53m	HCL Holdings Pvt. Ltd.	-72.50m	-5.21m
Florida State Board of Administration	56.51m	4.19m	JPMorgan Asset Management U.K. Limited	-32.04m	-2.43m
Vamasundari Investments (Delhi) Pvt. Ltd.	33.37m	2.47m	Lyxor Asset Management	-26.78m	-2.00m
L&T Investment Management Limited	15.14m	1.13m	Reliance Nippon Life Asset Management Limited	-18.79m	-1.40m
Grantham Mayo Van Otterloo & Co LLC	7.19m	0.52m	ICICI Prudential Asset Management Co. Ltd.	-15.46m	-1.15m

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement		₹ Crore			
	FY16	FY17	FY18E	FY19E	
Total operating Income	40,913	46,723	49,760	55,906	
Growth (%)	10.4	14.2	6.5	12.4	
Direct costs	26,901	30,890	32,941	36,898	
S,G&A expenses	5,217	5,524	5,971	6,765	
Total Operating Expenditure	32,118	36,414	38,912	43,663	
EBITDA	8,795	10,309	10,848	12,243	
Growth (%)	3.8	17.2	5.2	12.9	
Depreciation	569	771	896	1,006	
Amortisation	-	64	80	80	
Other Income	937	746	648	717	
PBT	9,163	10,220	10,520	11,874	
Forex adjustments	-	-	-	-	
Total Tax	1,883	1,952	2,370	2,612	
PAT	7,354	8,457	8,401	9,262	
Growth (%)	0.5	15.0	(0.7)	10.2	
EPS (₹)	52.1	60.0	60.1	66.2	
Growth (%)	0.5	15.2	0.1	10.2	

Source: Company, ICICIdirect.com Research

Balance sheet		₹ Crore			
	FY16	FY17	FY18E	FY19E	
Liabilities					
Equity Capital	282	283	276	276	
Reserve and Surplus	27,740	33,208	34,171	39,083	
Total Shareholders funds	28,022	33,490	34,446	39,359	
Total Debt	973	542	542	542	
Other liabilities + Provisions	1,264	1,253	1,253	1,253	
Minority Interest / Others	-	-	-	-	
Total Liabilities	30,259	35,285	36,241	41,153	
Assets					
Net Block	4,323	4,681	4,949	5,260	
Intangible assets	6,419	11,426	11,426	11,426	
Investments	10,747	10,366	10,366	10,366	
Liquid investments	537	1,146	1,146	1,146	
Inventory	-	-	-	-	
Debtors	10,723	10,803	9,952	9,504	
Loans and Advances	-	-	-	-	
Other Current Assets	2,410	2,983	2,488	2,795	
Cash	729	1,317	4,075	10,283	
Total Current Assets	14,399	16,248	17,660	23,728	
Total Current Liabilities	9,509	11,148	11,872	13,339	
Net Current Assets	4,890	5,100	5,788	10,389	
Other non current assets	3,879	3,712	3,712	3,712	
Application of Funds	30,259	35,285	36,241	41,153	

Source: Company, ICICIdirect.com Research

Cash flow statement		₹ Crore			
	FY16	FY17	FY18E	FY19E	
PBT	9,163	10,220	10,520	11,874	
Depreciation & Amortisation	569	835	976	1,086	
(Inc)/dec in Current Assets	807	(653)	1,346	141	
Inc/(dec) in CL and Provisions	(292)	1,639	724	1,466	
Taxes paid	(1,883)	(1,952)	(2,370)	(2,612)	
CF from operating activities	7,499	9,532	10,799	11,238	
(Inc)/dec in Investments	937	746	648	717	
(Inc)/dec in Fixed Assets	(1,023)	(1,168)	(1,244)	(1,398)	
CF from investing activities	(86)	(422)	(596)	(681)	
Issue/(Buy back) of Equity	-	-	(3,500)	-	
Inc/(dec) in loan funds	(69)	(69)	-	-	
Dividend paid & dividend tax	(2,702)	(3,972)	(3,945)	(4,349)	
Inc/(dec) in debentures	-	-	-	-	
Others	-	-	-	-	
CF from financing activities	(2,771)	(4,040)	(7,445)	(4,349)	
Net Cash flow	4,642	5,069	2,758	6,208	
Exchange difference	-	-	-	-	
Opening Cash	1,338	5,981	11,050	13,808	
Bank bal + unclaimed dvd.	(5,251)	(9,733)	(9,733)	(9,733)	
Cash c/f to balance sheet	729	1,317	4,075	10,283	

Source: Company, ICICIdirect.com Research

Key ratios		FY16	FY17	FY18E	FY19E
Per share data (₹)					
EPS		52.1	60.0	60.1	66.2
Cash EPS		56.1	65.9	67.0	74.0
BV		198.4	237.6	246.2	281.3
DPS		16.0	24.0	28.2	31.1
Cash Per Share		5.2	9.3	29.1	73.5
Operating Ratios (%)					
EBIT Margin		20.1	20.3	19.8	20.0
PBT Margin		22.4	21.9	21.1	21.2
PAT Margin		18.0	18.1	16.9	16.6
Debtor days		96	84	73	62
Creditor days		-	-	-	-
Return Ratios (%)					
RoE		26.2	25.3	24.4	23.5
RoCE		30.3	29.0	29.0	28.9
RoIC		42.3	49.9	49.5	76.5
Valuation Ratios (x)					
P/E		17.4	15.1	15.1	13.7
EV / EBITDA		14.5	12.2	11.4	9.6
EV / Net Sales		3.1	2.7	2.5	2.1
Market Cap / Sales		3.1	2.7	2.6	2.3
Price to Book Value		4.6	3.8	3.7	3.2
Solvency Ratios					
Debt/EBITDA		0.1	0.1	0.0	0.0
Debt / Equity		0.0	0.0	0.0	0.0
Current Ratio		1.5	1.4	1.4	0.9
Quick Ratio		1.5	1.4	1.4	0.9

Source: Company, ICICIdirect.com Research

ICICIdirect.com coverage universe (IT)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE(%)		
	(₹)	TP(₹)	Rating		FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E
Cyient (INFENT)	539	545	Hold	6,069	30.5	35.5	41.2	17.7	15.2	13.1	10.9	8.6	7.3	19.7	20.9	21.3	16.2	17.0	17.6
Eclerx (ECLSER)	1,245	1,145	Sell	5,133	86.4	80.4	88.2	14.4	15.5	14.1	9.7	10.4	9.3	34.5	28.9	29.4	29.1	23.9	23.7
Firstsource (FIRSOU)	43	40	Buy	2,854	4.1	4.0	4.2	10.4	10.7	10.2	8.2	7.5	6.8	11.7	11.7	11.9	13.8	11.9	11.1
HCL Tech (HCLTEC)	907	930	Hold	128,041	60.0	60.1	66.2	15.1	15.1	13.7	12.2	11.4	9.6	29.0	29.0	28.9	25.3	24.4	23.5
Infosys (INFTEC)	935	955	Hold	213,696	62.8	64.1	68.2	14.9	14.6	13.7	9.9	10.3	9.1	28.8	30.8	29.7	20.8	22.1	21.1
KPIT Tech (KPISYS)	132	140	Hold	2,627	10.6	9.9	13.8	12.4	13.3	9.6	7.2	7.4	5.4	16.3	14.9	18.6	15.4	11.7	14.3
Mindtree (MINCON)	487	470	Hold	8,178	24.9	26.9	33.3	19.6	18.1	14.6	10.6	11.0	8.3	21.2	24.2	28.1	16.2	18.8	21.8
NIIT Technologies (NIITEC)	620	660	Hold	2,221	40.8	43.4	50.9	13.9	14.3	12.2	3.1	2.7	1.9	29.8	31.3	36.3	14.8	14.2	14.8
Persistent (PSYS)	662	730	Buy	5,295	37.6	47.9	38.8	16.9	16.4	13.7	9.9	9.0	7.1	20.7	19.4	21.4	15.9	14.6	16.0
TCS (TCS)	2,548	2,540	Hold	499,077	133.4	134.3	149.4	19.1	18.9	17.0	14.0	14.0	11.9	38.0	37.9	35.5	29.8	29.8	27.8
Tech Mahindra (TECMAH)	463	450	Hold	45,499	31.7	32.4	38.2	14.6	14.3	12.1	9.9	9.0	7.4	19.4	17.3	18.4	17.1	15.5	16.2
Wipro (WIPRO)	290	285	Hold	71,306	17.5	18.1	20.2	16.6	16.0	14.3	4.4	5.3	4.1	16.8	17.3	16.8	16.3	17.0	16.2

Company, ICICIdirect.com Research

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